Supreme Court U.S.
FILED
MAR 20 2002
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NO. 01 1195

In the

Supreme Court of the United States

E. RAY CARTER and
CARTER ELECTRIC CORPORATION,

Petitioners,

versus

ENGINEERED PRODUCTS COMPANY,

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF IN OPPOSITION FOR RESPONDENT ENGINEERED PRODUCTS COMPANY

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QUESTION PRESENTED:

Whether this Court should decline to consider Petitioners' request for certiorari because the Ninth Circuit's decision and application of the functionality test for purposes of trade dress protection is consistent with the settled functionality test set forth by this Court in Traffix, Qualitex, and Inwood.

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STATEMENT OF THE CASE

A. Introduction

It has long been the law that to prevail on a claim of product configuration trade dress infringement, a plaintiff must prove that the trade dress at issue is not functional. In 1989, E. Ray Carter and Carter Electric Corp. (Carter) obtained a utility patent for a landscape light post known as the Rocket Perma-Post®. As part of his patent application, Carter described the grounding mechanism, slanted post, stabilizing fins and threaded cap that make up the product and described the function that each element provides. Carter further touted the functionality of these elements in his advertising for the Rocket Perma-Post®. A slanted post, stabilizing fins and threaded cap are standard features and components in several brands of landscape light posts. Pet. Exh. H, I, J, K, L.[1]

Engineered Products Co. (EPCO) began distributing a competitive product in 1991, then manufactured its own landscape light post, marketing it under the EPCO name and stamping EPCO onto the product itself. The significant difference between EPCO's post and Carter's post is the grounding mechanism. Carter's post has a grounding mechanism permitting use of a two-wire fixture. EPCO's post requires use of the standard three-wire fixture.

Carter initiated multiple lawsuits against other landscape light post manufacturers, combining claims of patent infringement with claims of trade dress infringement. He extracted lucrative settlements and admissions of trade dress infringement. In 1991, Carter contacted EPCO regarding the EPCO landscape light post

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[1] Petitioner's exhibits G and N are not part of the record. The trial court specifically excluded Exhibit G from evidence. Resp. Exh. 11.

but conceded that he had no patent infringement claim against EPCO. Three years later, Carter threatened suit against EPCO for trade dress infringement. Carter failed to respond to a request for an explanation of which elements of the Rocket Perma-Post® were not functional. Instead, he initiated the lawsuit underlying this Petition for a Writ of Certiorari.

B. Trial Proceedings

Carter sued EPCO in U.S. District Court, District of Arizona, for trade dress infringement. Contrary to statements made under oath in his patent application, Carter claimed in the lawsuit that the slanted post, stabilizing finds and threaded cap were nonfunctional and therefore protected by trade dress. He sought damages and an injunction.

The jury returned a verdict for Carter, awarding Carter $207,797. The court denied EPCO's motion for judgment as a matter of law as to liability. The court also rejected Carter's requests for a permanent injunction against EPCO, EPCO's surrender of its inventory, interest on its damage award, treble damages, payment to Carter of EPCO's profits and attorneys fees. Carter's motion for reconsideration and clarification was denied.

Carter appealed to the Ninth Circuit Court of Appeals and EPCO cross-appealed. The Ninth Circuit reversed the judgment of the district court, finding that the district court erred in denying EPCO's motion for judgment as a matter of law. As a result of this holding, the Ninth Circuit did not reach the other issues appealed. Carter's motion for a rehearing en banc was denied. This Petition for a Writ of Certiorari followed.

Engineered Products Co. has no parent company or publicly held company owning 10% or more of the corporation's stock.

C. Corrections to Misstatements of Fact in the Petition for Certiorari:

Pursuant to Rule 15.2 of this Court's rules, the following facts correct misstatements in the Petition for Certiorari:

Carter claims that the slant cut of his light post is nonfunctional because it is not used to drive the post into the ground and the wiring used with the post is uniformly deeper than the slant cut. Petition, p. 4. In his utility patent for this light post, Carter stated that the slant was functional to "allow the standard to mate with pipe located at various depths underground" and to "conveniently provide for the conduits to extend into the cylinder 22 from different depths in the ground." Resp. Exh. 1, column 1, lines 52-53; column 3, lines 59-61. Carter further advertised the slanted bottom "to accept conduits of different depths." Resp. Exh. 2.

Carter claims that the stabilizing fins of his light post are nonfunctional because a post the length of Carter's product is self-supporting when buried, and many customers consistently discard and do not use the fins. Petition, p. 4. Again in his patent, Carter stated that the "[p]rincipal purposes of the stabilizer 50 [the assembled stabilizing fins] are to prevent rotation or leaning of the cylinder 22" and that the fins "essentially prevent the cylinder 22 from rotating or from moving sideways or laterally in the ground 2." Resp. Exh. 1, column 4, lines 17-18, 59-61. In addition, Carter states that the stabilizing fins are functional because they "extend radially outwardly from a standard to prevent the pipe from becoming loose when it is bumped, as by a lawnmower." Resp. Exh. 1, column 1, lines 60-62. Carter also advertised that the fins were included for "greater stability without concrete." Resp. Exh. 2.

Carter misstates the results of EPCO's survey regarding the slant cut and stabilizer fins. Carter claims that 1% of those

surveyed considered the slant cut important or significant and 6% believed the stabilizing fins would help keep the post from tipping. Petition, p. 4. Respondents were asked to name *the one* characteristic that they considered most important in deciding which post to buy. They were not asked whether the slant cut was important in general or the stabilizing fins would affect tipping. Resp. Exh. 3.

Carter claims that the ridges on the post's cap are "strictly ornamental" and not necessary for gripping. Petition, p. 5. The claim contradicts common sense, particularly in cold climates. As testimony at trial revealed, snow, ice and shrinking make caps difficult to remove; the function of the ridges is to facilitate an easier grip. Resp. Exh. 4. Carter recognized in his patent application that "there will be immediately obvious to those skilled in the art many modifications of structure, arrangement, proportions, the elements, materials, and components used in the practice of the invention, and otherwise, which are particularly adapted to specific environments and operative requirements without departing from those principles." Pet. Exh. A, Description.

Carter contends that other competitors manufactured and sold products with the same function and features but with different trade dress. Petition, p. 5. These competitors have neither the same features nor functionality. Specifically, the Octapost is an octagonal design made of aluminum and not corrosion resistant; the Kichler post uses a specially formed, more expensive plastic, less effective stabilizers and a smaller, weaker cap; SiteLight's aluminum product has a cap of different design, no slant cut to the post and no stabilizers; B-K Powerpost is an aluminum transformer in addition to serving as a landscape post; and Carter's Retro-Rocket post is installed above ground to cover old or damaged conduits. Resp. Exh. 5.

Carter states that EPCO's sales staff claimed that EPCO manufactured the same rocket post as Petitioners and that "[m]uch

palming off occurred." Petition, p. 5-6. The testimony at trial was hearsay testimony that a sales representative saw a landscape lightpost product and stated, "EPCO has these." Resp. Exh. 6. Carter made no showing that "these" referred to anything more than a general landscape light commodity product. The trial court admitted this testimony only to show state of mind, not to prove the truth of the statement, and this ruling has not been appealed.

Carter again raises the spurious argument that the EPCO product is not safe because it has a two-wire grounding mechanism. Petition, p. 6. This allegation is erroneous and irrelevant. The EPCO landscape light post is listed by Underwriter's Laboratory, the primary safety testing lab in the country. Resp. Exh. 7. Attached to every post are UL-approved instructions to use a three-wire fixture. Resp. Exh. 8. As one expert testified at trial, there is "absolutely nothing dangerous about" EPCO's product. Resp. Exh. 9. Carter did not present and still has not presented any evidence to the contrary. He did introduce a post after EPCO, however, that had the same type of grounding mechanism that he claimed was not safe. Resp. Exh. 10. More to the point of this Petition, however, safety is not a trade dress issue.

Carter identifies his three-wire grounding mechanism as the only patented feature of the the Rocket Perma-Post.® In his patent application, Carter incorporated details of the slant-cut post, stabilizing fins and cap in the abstract, drawings, background, summary, description and claims. Carter's attention to these features in his application equals or exceeds the attention given the grounding mechanism. Resp. Exh. 1. His claim that the patent covers only the grounding mechanism is incredible.

Carter contends that the Rocket Perma-Post® is not standard PVC and that the fins and cap are injection molded. Petition, p. 7. The post, however, is PVC pipe, as identified in Carter's patent application. Exhibit 1, Background. Moreover, the pipe is modeled

on standard PVC pipe and the cap is modeled on a standard plumbing cap.

REASON FOR DENYING THE PETITION

A petition for a Writ of Certiorari is a matter of judicial discretion and will be granted only for compelling reasons. Rule 10, Rules of the Supreme Court of the United States. Among the Court's discretionary considerations in determining whether to grant the petition are: 1) whether the court of appeals has decided an important federal question that has not been but should be settled by the Court; 2) has decided an important federal question in a manner that conflicts with relevant decisions of the Court; and 3) has decided a matter that conflicts with the decision of another U.S. court of appeals on the same important matter. Id. The Ninth Circuit's decision and application of the functionality test for purposes of trade dress protection is consistent with the settled functionality test set forth by this Court in Traffix, Qualitex, and Inwood. The Ninth Circuit's decision does not conflict with decisions of other circuits on this matter.

By its express language, the Lanham Act extends trade dress protection only to those features that are not functional. 15 U.S.C. § 1125(a). Therefore, a feature's functionality is a threshold issue in assessing trade dress protection. This Court has issued a series of decisions establishing a settled, consistent functionality test for purposes of trade dress protection. Traffix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001); Qualitex Co. v Jacobson Prods. Co., Inc., 514 U.S. 159 (1995); Inwood Labs., Inc. v. Ives Labs. Inc., 456 U.S. 844 (1982). This test recognizes that a feature is functional if it is "essential to the use or purpose of the article or if it affects the cost or quality of the article." Traffix, 532 U.S. at 32; Qualitex, 514 U.S. at 165; Inwood, 456 U.S. at 850, n. 10. It also includes those features which the "exclusive use of would put competitors at a significant non-reputation-related disadvantage." Qualitex, 514 U.S. at 165. The Court also has

recognized that disclosure of a feature in claims in a utility patent constitute strong evidence of functionality.

> A utility patent is strong evidence that the features therein claimed are functional. If trade dress protection is sought for those features the strong evidence of functionality based on the previous patent adds great weight to the statutory presumption that features are deemed functional until proved otherwise by the party seeking trade dress protection.

Traffix, 532 U.S. at 30-31.

The patent applicant's failure to assert that the representations are mistaken or inaccurate is further strong evidence of the functionality of the feature. Id. at 32.

The Ninth Circuit has recognized, adopted and applied this Court's functionality rule with consistency and clarity. Decisions have rested on whether the feature is essential to the use or purpose of the article, and Carter presents no evidence that the court in this case relied on anything else. The Ninth Circuit turns to the designer's own words to determine a feature's functionality, namely the designer's sworn oath in a utility patent and the utilitarian features the designer touts in selling the product. It also considers, as does this Court, the simplicity and cost of its manufacturing, and the availability of alternative designs. Disc Golf Ass'n, Inc. v. Champion Discs, Inc., 158 F.3d 1002 (9th Cir. 1998); Clamp Mfg Co., Inc. v. ENCO Mfg. Co., Inc., 870 F.2d 512 (9th Cir. 1989).

Carter claims that these elements constitute a "new" test. They do not. The Ninth Circuit adopted these elements 13 years ago in Clamp, but the elements were not an innovation of the Ninth Circuit. These elements -- a utility patent, advertising, alternative designs and simple or cheap methods of manufacturing -- are the very elements that the U.S. Court of Customs and Patent Appeals

has established to determine functionality based on utility of a product. In re Morton-Norwich Prods., Inc., 671 F.2d 1332, 1340-41 (C.C.P.A. 1982). The fundamental nature of these elements assesses whether a product's feature is essential to the use or purpose of the article or whether it affects the cost or quality of the article. Application of these factors furthers rather than repudiates the functionality test established by this Court.

Application of these factors to Carter's product establishes the functionality of the slant-cut pipe and the stabilizer fins. Carter states in his patent application that the slant cut receives electrical elements at different angular orientations in the ground and that the fins prevent the cylinder from rotating or moving sideways or laterally in the ground. Carter goes on to advertise the slant cut as a device "to accept conduits of different depths" and the fins to provide "greater stability without concrete." These are utilitarian purposes. Carter cannot argue that these elements are functionally advantageous to obtain patent protection and later claim that they are not functional to obtain trade dress protection.

Clinging to his argument, Carter contends that the Ninth Circuit is aware of this claimed conflict, evidenced by its discussion in Leatherman, recognizing that unfair competition law is not intended to encourage innovative designs by protecting them after creation. Leatherman Tool Group Inc. v. Cooper Indus., Inc., 199 F.3d 1009, 1012 (9th Cir. 1999). Despite Carter's claims to the contrary, Leatherman did not advocate making trade dress protection more difficult to obtain; the court merely recognized that Congress has never enacted a design protection law despite considering such bills annually since 1917. Leatherman reflected a distinction this Court has recognized among trade dress, trademark and patent laws. Traffix, 532 U.S. at 34 ("The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity."); Inwood Labs, 456 U.S. at 858

(recognizing that trade dress law prohibits a broader range of practices than trademark law).

Carter, citing to multiple case excerpts, contends that functionality tests in other circuits are inconsistent and sometimes conflict. While the selective excerpts Carter cites draw upon different language, they reflect the same test set forth by this Court, namely, whether a product's feature is essential to the use or purpose of the article or whether it affects the cost or quality of the article. The functionality tests of the circuits are consistent with each other and with the test set forth by this Court.

The functionality doctrine recognizes the fundamental right to compete by imitating a competitor's product, a right denied only temporarily by patent laws. Morton-Norwich, 671 F.2d at 1336. It is a long-established legislative and judicially recognized policy. Despite its well-settled place in trade dress law, Carter doesn't like the functionality doctrine, its application or the policy behind it. Carter argues that the Court should subordinate the functionality doctrine to protect innovation, namely, his Rocket Perma-Post.®

Congress clearly rejected the policies Carter promotes nearly six decades ago when it enacted the Lanham Act. The Act was intended to open the marketplace, encourage competition and promote aggressive sales to the public. Patent laws provide temporary protection to innovative entrepreneurs, but the Act intends for those innovations to become part of the public domain.

Carter proposes barricades in the path to the public domain. His proposed policy considerations contradict the very heart of the Lanham Act. His quest to limit competition in the marketplace and ignore the impact of the patent process on a trade dress claim would undo what the Lanham Act and this Court have done for more than half a century -- put competition first. Were Carter's claims to prevail, a manufacturer such as Carter with a time-limited utility patent could preemptively maintain a monopoly power in perpetuity

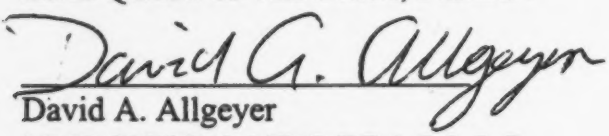
for its product by claiming trade dress protection. Such a policy may be good for Carter but not for the public.

CONCLUSION

Petitioners' prolixious argument does not meet the Rule 10 requirement that Petitioners present a compelling reason for this Court to review the Ninth Circuit's decision. Respondent respectfully requests the Court to deny the Petition for a Writ of Certiorari.

Respectfully submitted,

LINDQUIST & VENNUM, P.L.L.P.



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